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IA, DEA Reported at Odds on Mexico Wiretap y RONALD J. OSTROW. Times Staff Writer

WASHINGTON—Justice Department and CIA officials, in a case that could serve as a precedent on a key element of the Administration's anti-drug policy, are struggling to resolve differences over the use of narcotics evidence gleaned from a wiretap in harico, government sources said unesday.

The conflict marks the first time that officials have confronted the central question of how to use sensitive information from the CIA under a national security directive, issued last spring, ordering intelligence agencies and the military services to take part in the Administration's drug law enforcement campaign.

CIA officials are said to fear that an attempt to use the disputed information as evidence in court could "blow a source" that has been providing information for several years. The data at issue are recordings of a suspected trafficker who is a resident alien in the San Diego area, sources familiar with the matter said.

"Suppose they [the Justice Department and its arm, the Drug Enforcement Administration] want to put the agent on the stand," said one source familiar with the CIA's reservations. "He won't be of any use in Mexico from then on."

Meanwhile, addressing another question, the CIA issued a rare public denial Wednesday of a San Diego newspaper report that a CIA wiretap operation in Mexico had corroborated allegations of corruption among Mexican law enforcement and public officials.

"The San Diego Union story is untrue and misleads the American public," said George Lauder, the

CIA's chief spokesman. "The suggestion that the CIA has been targeting Mexican officials in connection with narcotics trafficking is false"

Justice Department officials also denied the story and expressed concern that it might rekindle resentment in Mexico of DEA operations there.

Controversy involving U.S. dissatisfaction over lack of cooperation from Mexican law enforcement in prosecuting those responsible for the 1985 torture-slaying of DEA agent Enrique S. Camarena and charges of Mexican corruption drew protests from Mexico and raised fears that DEA agents would be banished from that country.

CIA and Justice Department officials would not comment on the current dispute over the CIA wiretap, which is understood to be unrelated to the Camarena investigation.

Knowledgeable sources said that the tap was installed after President Reagan, on April 8, issued a top-secret national security decision directive that enabled the government to use military surveillance and intelligence capabilities in its drug fight.

The directive, an unclassified version of which was disclosed by Vice President George Bush on June 7, for the first time said the international drug trade is a national security concern, because of its ability to destabilize democratic allies through the corruption of police and judicial institutions.

In Tijuana. Mexico. Mayor Rene Trevino Arredondo canceled a joint meeting of the Tijuana and San Diego city councils, scheduled for today, in the face of the reports that the CIA tapped the phones of Mexican police and government officials.

Luis Manuel Serrano, a spokesman for Arredondo, said Wednesday that cancellation of the meeting, which was to have been in San Diego, was to protest what he called a "violation of Mexico's sovereignty by the CIA."

Times staff writer H. G. Reza in San Diego contributed to this story.